



## Economic Growth Remains Strong

The beginning of the 21st century has put our national economy to the test.

Faced with several major challenges in a relatively short period of time, including the bursting of the tech bubble, a series of major corporate scandals, the September 11 terror attacks, and the ensuing global war on terror, our national economy endured a sustained slowdown just a few short years ago.

Upon taking office in January 2001, President George W. Bush recognized these economic challenges and quickly called on Congress to make large-scale tax relief a top priority.



In February, Congressman Pitts and Senator Rick Santorum toured the new Simulated Learning Laboratory at the Lancaster General Hospital School of Nursing.

The President's philosophy follows an old saying - you can't have capitalism without capital.

Congress acted to make the President's proposed tax relief a reality, and the subsequent economic turnaround has truly been remarkable.

Consider some of the numbers:

- In April alone, 138,000 new jobs were added to the economy. That marks 32 months of uninterrupted job growth in America.

- Since the summer of 2003, we've added more than 5 million jobs to U.S. payrolls.

See "ECONOMY" on Page Four...

## Report Card

Much has been made by the national media in recent weeks about the ethics reforms being considered in Congress.

And, while we are certainly working to ensure the highest ethics standards are in place and enforced on Capitol Hill, the media coverage would have people believe we've done little else this session of Congress.

As the following report card shows, the truth is that the 109<sup>th</sup> Congress has been hard at work on behalf of the American economy over the past year and a half.

See "REPORT CARD" on Page Two...

### CURRENT ECONOMIC INDICATORS

#### Gross Domestic Product

Real GDP grew at an average of more than 3.2 percent in 2005.

#### National Job Creation

138,000 jobs created in April.

#### Consumer Confidence

Real consumer spending has increased 3.2 percent in the past year. The Consumer Confidence Index is at 4-year high.

#### Unemployment Rate

The national unemployment rate is 4.7 percent. That's lower than the average of the 1970s, 1980s, and 1990s.

# Business Legislative Report Card

“REPORT CARD” from Page One...

**Death Tax Repeal Permanency Act of 2005 (H.R. 8):** On April 13, 2005, the House voted 272-162 to completely and permanently eliminate the immoral, business-destroying estate tax, also known as the death tax. I was proud to be a cosponsor of H.R. 8 and to vote for this important piece of legislation. It has been over a year since the House passed the bill, but, so far, the Senate has not acted. Senate Majority Leader Bill Frist is working to bring a majority together in the Senate to extend a temporary repeal of the death tax later this summer. A 2001 tax cut bill gradually phased out the death tax by 2010, but it returns in full force in 2011. According to one small business survey, more than 80 percent of small business employers spend an average of \$25,000 annually in attorney/consultant fees and life insurance premiums in an attempt to avoid the crushing blow of the death tax. Small business owners should be able to put that money toward growing their business, and that is why the death tax should be permanently repealed.

**Small Business Health Fairness Act (H.R. 525):** On July 26, 2005, the House passed, with my support, the Small Business Health Fairness Act. This legislation seeks to create national Small Business Health Plans (SBHPs) that would allow small businesses to band together and purchase health insurance through national associations at group rates. This marks the seventh time the House has passed legislation to create SBHPs. However, on May 11, 2006, a Senate bill (S. 1955) that would also create national SBHPs and streamline various state health insurance regulations was blocked procedurally on the Senate floor. Health care premiums of small business owners and self-employed individuals have skyrocketed. In 2002, only 30.8 percent of businesses with 25 employees or less offered health insurance to their workers. An estimated 45.8 million people were without health insurance in 2004. The number of uninsured has risen in almost every year since 1989 and is expected to continue its rise in the near term. SBHPs would help stop this trend by allowing more workers to get insurance coverage, and it's time Congress acts to make them a reality.

**Tax Relief Extension Reconciliation (H.R. 4297):** On May 10, 2006, I supported a measure to prevent a significant tax increase from being foisted upon millions of Americans. Of particular interest to small businesses are provisions contained in the bill to extend previous expiring tax cuts, such as the small business expensing provisions, deductions for state and local taxes, and increased exemptions for the alternative minimum tax (AMT). This legislation also extends the 2003 tax cuts on dividends and capital gains that have helped fuel economic expansion in America. President Bush signed this important legislation into law on May 17, 2006.

**Personal Responsibility in Food Consumption Act (H.R. 554):** In August 2002, the U.S. District Court of New York heard the case of two obese teenagers who claimed they became overweight as the result of eating at McDonald's several times a week. In February 2003, their case was thrown out of court. Last October, with my support, the House voted 306-120 to prevent similar abusive and outrageous suits from clogging our courts in the future. The bill promotes some common sense personal responsibility by prohibiting suits “against a manufacturer, marketer, distributor, advertiser, or seller” of a food, claiming that a person’s “accumulated acts of consumption” of the food caused “weight gain, obesity, or a health condition that is associated with a person’s weight gain or obesity.”

**Lawsuit Abuse Reduction Act (H.R. 420):** On October 27, 2005, the House passed H.R. 420 by a vote of 228-184. The bill, which I supported, would strengthen the section of the Federal Rules of Civil Procedure that permits sanctions against parties who file frivolous claims in court. H.R. 420 would also narrow the choice of venues for personal injury actions brought in state and federal courts, thereby reducing trial lawyers’ ability to shop around in search of the most sympathetic court in which to try their frivolous lawsuits. According to the National Federation of Independent Business (NFIB), the tort reform system costs Americans more than \$200 billion a year. While some claims are substantiated, many are frivolous lawsuits and create an unnecessary burden for small business owners.



Congressman Pitts announces a grant for the Spanish American Civic Association (SACA) in Lancaster. SACA works to teach low-income youth the skills needed to work in the construction trades.

See “REPORT CARD” on Page Three...



Earlier this year, Congressman Pitts visited Rosenberger of North America, LLC in Lancaster. Congressman Pitts met with senior staff, including the General Manager and Senior Engineer (pictured here), and toured the facilities to learn more about Rosenberger's operations.

## Business Legislative Report Card

"REPORT CARD" from Page Two...

**OSHA Reform:** On July 12, 2005, the House passed two important measures to ease regulations by the Occupational Safety and Health Administration (OSHA). H.R. 739, the Occupational Safety and Health Small Business Day in Court Act of 2005, passed the House, with my support, by a vote of 256-164. This bill would give OSHA the option of allowing small businesses longer than 15 days to contest OSHA citations if they miss the deadline because of an innocent mistake or for a good reason (currently, employers must pay a fine if they miss a deadline). I cosponsored H.R. 739.

The second bill is H.R. 742, the Occupational Safety and Health Small Employer Access to Justice Act. This bill would amend the Occupational Health and Safety Act to allow small businesses to recover attorney fees and costs associated with defending a citation by OSHA if it is determined that OSHA acted without merit, and if the small business party wins the lawsuit. Only small businesses with less than 100 employees and a net worth of not more than \$7 million will be able to recover costs. H.R. 742 also passed the House on June 12, with my support, by a vote of 235-187.

**Product Liability Relief (H.R. 3509):** on July 28, 2005, Rep. Steve Chabot (R-OH) introduced H.R. 3509, the Workplace Goods Job Growth and Competitiveness Act of 2005. This bill seeks to prohibit the filing of a civil action against a manufacturer or seller of a durable good more than 12 years after it was delivered to its first recipient for: (1) damage to property arising out of an accident involving such good; or (2) damages for death or personal injury arising out of an accident involving such good if the claimant has received or is eligible to receive worker compensation and the injury does not involve toxic harm. Current law does not differentiate between the manufacturer and the seller, and, therefore, product sellers are often held liable for defects they had no knowledge of. This has resulted in small business retailers spending a significant amount of their profits defending themselves in court.

**Social Security Personal Retirement Accounts (H.R. 3304):** On July 14, 2005, Rep. Jim McCrery (R-LA) introduced H.R. 3304, the Growing Real Ownership for Workers Act. I am an original cosponsor of this bill that would give workers under age 55 the choice of having a portion of the Social Security surplus put into their own voluntary, personal lockbox. Individuals would own their account, and it would help pay their Social Security benefits when they retire. The accounts would be managed by a federal board, similar to that which manages the federal employee retirement systems, and, when an individual retires, his or her account would be used to pay Social Security benefits in addition to his or her regular check. This idea is an important first step away from the decades-long raid on the Social Security surplus and toward building a consensus for needed Social Security reform.

"ECONOMY" from Page One...

- Unemployment for the month of April was 4.7 percent – lower than the average of the last three decades.



Congressman Pitts receives the National Taxpayers Union's Friend of the Taxpayer award from NTU President John Berthoud.

- Overall growth of the economy, measured by Gross Domestic Product, is strong. GDP grew at 4.8 percent in the first quarter of 2006, marking 18

consecutive quarters of GDP growth.

- Worker productivity has risen at an average annual rate of 3.2 percent since 2001, faster than any five-year period in the 1970s, 1980s, or 1990s.

- The stock market is performing with record strength.

- Personal income and consumer spending are up.

- Construction and manufacturing sectors are growing, and homeownership rates are at record highs.

Clearly, America has rebounded from the economic sluggishness of just a few short years ago.

And, because Congress acted to extend President Bush's tax cuts this year, the sizable and sudden tax increase that would have resulted from allowing them to expire has been avoided. Such a tax increase would have dealt a heavy blow to the growth and expansion that we are currently experiencing.

Our economy will always face unpredictable challenges. That is why we must heed the lessons learned from the tremendous economic rebound of the past three years.

The best economic policy Congress can undertake is to get out of the way and allow our vibrant economy the freedom and resources needed to excel.

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